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Chair: Mr. Bhattarai (Nepal)
*Chair of the Advisory Committee on Administrative
and Budgetary Questions: Mr. Ruiz Massieu*

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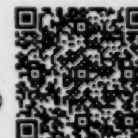
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The meeting was called to order at 10.05 a.m.

Agenda item 134: Programme budget for the biennium 2016-2017 (continued)

Implementation of a flexible workplace at United Nations Headquarters (A/70/7/Add.45 and A/70/708)

1. **Mr. Cutts** (Assistant Secretary-General for Central Support Services), introducing the report of the Secretary-General on progress on the implementation of a flexible workplace at United Nations Headquarters (A/70/708), said that substantial progress had been made since the previous report (A/69/749) and that the first phase of implementation was currently under way. The project was proceeding in three-month phases involving a few floors at a time.
2. In accordance with the guidance provided by the General Assembly in its resolution 68/247 B that flexible workplace strategies in the United Nations should be aimed at improving the overall productivity and efficiency of the Organization, as well as the staff workplace environment, the project team had adopted an incremental approach involving customization of space to meet the specific work needs of the individuals and groups occupying specific floors. That approach would ensure a positive impact on staff satisfaction with the new space environment and improve staff well-being and productivity.
3. The increased degree of customization and use of the most recent pricing information had resulted in an increase in the estimated cost per floor of implementation. In addition, the detailed and extensive consultation process had led to a delay in completion of the first phase of the project, although not in the overall schedule. As a result, staff currently in swing space would move back to their reconfigured floors in mid-June 2016.
4. In response to the request of the Department for General Assembly and Conference Management to continue occupancy of the Albano Building, and because some departments had requested more time to consider how to implement the project, and to retain the lowest cost-per-square-foot lease, the Secretariat had adjusted its lease exit approach. The current plan was to vacate only the Innovation Building and the Daily News Building at the end of their current leases. The decision not to vacate the UNFCU Building as originally planned was the result of long-term

accommodation factors and not flexible workplace considerations.

5. The current plan involved reconfiguring 26 floors of the Secretariat Building to accommodate 800 more staff, three floors of the FF Building to accommodate 75 more staff, and five floors of the DC1 Building to accommodate another 75 staff. The total estimated cost of those changes was \$65.7 million. The cost of implementing the revised project would be offset by 2023 through reductions in rent and operating costs. Thereafter, savings would continue to accrue.
6. Flexible workplace strategies constituted a substantial change in the operating environment of the Organization. To address staff and department concerns, the project team was undertaking a change management programme through engagement with staff in each phase and a communications programme through articles, posters and e-mails and the Secretariat's iSeek site.
7. The project was being coordinated with other reform initiatives and related projects and, to that end, colleagues at the United Nations Office at Geneva had been kept informed so as to assist them in incorporating flexible workplace in the planning of the strategic heritage plan. In addition, flexible workplace activities were being coordinated with the team studying approaches to global services delivery and related Umoja impacts. There was also close coordination through the flexible workplace working group, which incorporated colleagues responsible for the policy on flexible working arrangements, including teleworking.
8. Subject to the direction of the Assembly, the Secretariat would continue with the next project phases, continue consulting with the departments directly affected by project phases, and continue its communication and change management efforts. It would then develop plans for further implementation at Headquarters, which would be aligned with long-term accommodation and global service delivery objectives.
9. The Secretary-General requested approval of the revised project sequence, implementation schedule and next steps, and the continuation of three temporary positions for the project team, two Professional and one General Service, as well as two additional General Service positions. The Secretary-General also sought authorization to enter into commitments up to \$47,282,500 in respect of project costs in 2016-2017.

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Mr. Ruiz Massieu (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/70/7/Add.45), said that the Secretary-General had not yet finalized his assessment of the impact of a flexible workplace on staff well-being and overall productivity. The assessment was important given that one of the objectives of the flexible workplace project was to improve the well-being, productivity and efficiency of staff.

The Advisory Committee was concerned at the cost of \$16.1 million in the estimated project costs: the increase was not in consonance with the request made by the Assembly to review the cost of the project, including through reductions under specific items. The Advisory Committee recommended that the Assembly should authorize the Secretary-General to enter into commitments not exceeding \$18 million in respect of project costs for the period from 1 January to December 2016 and should request the Secretary-General to submit his next report on flexible workplace strategies at the main part of the seventy-first session.

Ms. Wairatpanij (Thailand), speaking on behalf of the Group of 77 and China, said that the Group recognized the importance of organizational transformation initiatives that contributed to a modern, adaptable and effective United Nations. However, there was a need for a well-considered, phased approach to implementation of such initiatives and gradual adaptation to evolving work practices and staff needs.

The Group noted the progress made in the implementation of a flexible workplace at Headquarters, including the lessons learned from the initial stage of project implementation, as well as the revised business case and project cost estimates. A flexible workplace was not simply a matter of space management, but, rather, a holistic arrangement of physical space, information and communications technology, and human resources and other support programmes. Successful implementation of flexible working required not only the reconfiguration of space but also enhanced information technology support and revised human resources policies.

A flexible workplace would have a significant impact on the working environment of the organization. As the aim was to increase productivity and efficiency, the Group was concerned that the assessment of the impact of a flexible workplace on

staff well-being and overall productivity had not yet been finalized even though the project was moving forward. Inadequate change management could result in lower staff morale and lower productivity. The Group would seek clarification of the status of the assessment, including of how the findings would influence future stages of implementation.

15. The Group noted the revised project schedule and cost-benefit analysis. Substantial revisions had been made to the underlying assumptions, which would have an impact on the overall resource projections and time frames. A well-substantiated, reliable and predictable business case was essential for the Committee's consideration of such costly major transformation initiatives. The Group was seriously concerned that the revised estimates now stood at \$65.7 million to undertake activities which should have been part of the capital master plan. That level of resources could finance at least three projects similar to those being undertaken at the Economic Commission for Africa or the United Nations Office at Nairobi. The Group wished to know why the project was not categorized as a major capital project subject to sequencing. Lastly, other initiatives such as Umoja, the information and communications technology strategy, accommodation needs at Headquarters and the global service delivery model would have a direct impact on the number, skills and location of staff, and the Group would seek clarification of how those initiatives would affect the scope and duration of the flexible workplace project.

16. **Mr. de Preter** (Observer for the European Union) said that the timely submission of all required documentation in all official languages was vital to facilitate discussion. His delegation was concerned at the late issuance of the reports on the implementation of flexible workplace strategies and urged the Secretariat to take the necessary action to remedy that problem.

17. The European Union welcomed all proposals designed to make the Organization more modern, adaptable and effective. Flexible workplace strategies should be implemented at Headquarters and also in any construction and renovation projects. In addition, they should be taken into account as early as possible in the design phase of projects, and his delegation regretted that the opportunity to do so had been missed in the case of the capital master plan. The strategic heritage plan of the United Nations Office at Geneva was a

good opportunity to make flexible workplace strategies work in a cost-effective way.

18. In 2015 the General Assembly had approved a specific project linked to a specific business case for the implementation of flexible workplace strategies at Headquarters. His delegation attached great importance to budgetary discipline and proper budgetary procedures, and was concerned at the changes in the updated project, which included an amended project scope, revised real estate plans and additional financial requirements. His delegation would need further information on those issues before it could renew its support for the flexible workplace project. In addition, it looked forward to hearing from the Secretariat about the impact of flexible workplace on the overall well-being and productivity of staff.

19. **Mr. Guo Xuejun** (China) said that his delegation welcomed the efforts of the Secretariat to enhance the efficiency and effectiveness of the Organization and improve the well-being and productivity of staff by implementing flexible workplace strategies at Headquarters. He hoped that the Secretariat would complete its assessment of the pilot project in a timely manner and report to the Assembly as requested in its resolution 69/274 A.

20. Implementation of flexible workplace strategies should be predictable and the preparation of the budget and timetable should be specific, clear-cut, pragmatic and feasible. His delegation was concerned at the request for additional budgetary resources of \$16.1 million without there being a final figure for costs. The Secretariat should further examine the cost calculations and present reliable final total cost estimates. Lastly, implementation of flexible workplace strategies was part of a series of change management initiatives, and should be coordinated with the strategic capital review and other ongoing projects in order to minimize waste of resources.

21. **Ms. Norman Chalet** (United States of America) said that her delegation would seek clarification of the revised plan for implementation of flexible workplace strategies, including the cost implications. However, it strongly supported the flexible workplace concept and believed that it was a valuable initiative that should be implemented in other duty stations.

The meeting rose at 10.30 a.m.

